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RESEARCH ARTICLE

A Conceptual Study on Impact of Psychological Contract on Work-Life Integration

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Abstract

The most prevailing issue today in this complex world is to juggle work & personal life together. One finds it difficult to balance work & life as the globe of work is shifting – endlessly. This balance is possible only with equal inputs from employee and employer. The thoughts, perceptions, beliefs of each one should blend along so that both the employees and employer are benefited. It is feasible today with the mounting concept of Psychological Contract. It is a mutual contract between employee and employer so that their concerns are met and both parties are equally benefited. This conceptual study details about the concept of psychological contract and its impact on work-life integration. It also provides a detailed view on the after effects of positive work-life integration.

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The concept of Psychological Contract was first used by Argyris (1960) who defines it as an implicit exchange relationship between the employer and the employees encompassing mutual expectations and obligation of each party towards the other. It is generally believed by researchers that psychological contract is an individual's belief about the terms and conditions of a reciprocal exchange contract with an employer. It is considered as a belief that some sort of promises have been made and that the terms are accepted by both employees and the employer. Psychological contract becomes an unwritten set of expectations between everyone in an organization, is of dynamic in nature. Although the contract is unwritten, it may have considerable effect on employee behavior on the job, employee morale, performance and desire to leave the job. This in turns affects the personal life. Psychological contracts have been often defined according to their particular characteristics. For example, Rousseau (1995 and 2000) distinguishes between two types of Psychological Contract: One is the transactional contracts, which are structured with emphasis on material rewards that have a short-term duration and are relatively narrow in their scope; and the other is the relational contracts, which are structured around less tangible rewards, have a significant duration (often without an implied end-date) and are subject to the individual parties beliefs.

Review of Literature

Rousseau (1995) suggests that psychological contract depends on the employee's understanding of the explicit and implicit promises regarding the exchange of employee contributions (such as efforts, loyalty and ability) and organizational inducements (such as pay, promotion, job security). The psychological contract is influenced by our desired goals and outcomes whereby the expectation of achieving these goals and outcomes determines the motivation to work and therefore influences behavior at work (Porter and Lawler, 1968). Goffee and Nicholson (1994) argue that the psychological contract between managers and their employing organization has changed, particularly for men. Men can no longer trade security and status for a commitment to the organization that has often taken precedence over family or other interests.

Earlier research (Herriot, 1997) concluded that organizations will reap benefits from exceeding the terms of the psychological contract, but that such benefits need not consist of softer, more relational offers which they termed 'icing on the cake'. Davies (1999) concluded that there was evidence that managers had re-defined the psychological

contract within the organizations for which they worked. Individuals were adjusting to the new employment arena by adopting career strategies which have as their purpose the survival of lifestyle, not the survival of a work-defined career.

Of particular interest has been the effect of contract violation, which occurs when an employee experiences a discrepancy between the actual fulfillment of obligations by the organization and promises made about these obligations (Robinson & Rousseau, 1994; Robinson, 1996). Violation of the contract is thought to lead to feelings of anger, betrayal, and resentment which in turn lead to decreased employee motivation, dissatisfaction, loss of loyalty and exit from the organization (Rousseau, 1989; Robinson & Morrison, 1995; Turnley & Feldman, 1999). The role of work-life linkages in shaping perceptions of contract violation and employee obligations to the organization has received little empirical attention.

The central proposition here in work-life imbalance gets manifested in a company's context is unsupportive to family demands and negative spillover effects from work to non work life, which will lead to a degradation of management trust and perception of unfair treatment. These conditions are used to indicate the 'state' of the psychological contract (e.g., Guest & Conway, 1998). The state of the psychological contract between employees and the organization is presented in past researches as mediating the relationship between work experiences and outcomes such as job satisfaction, organizational commitment and employees' intentions to leave the organization (e.g., Milward & Hopkins, 1998; Guest & Conway, 1997).

Borrowing from Kanter's (1977) original distinction, work and non-work spheres of life are 'integrated' rather than 'separated'. A study by McKee, Mauthner and MacLean (1999), as well as work discussed by Capelli (1999), shows those employees are more likely to feel obligation to their organization if the organization takes account of their non-work obligations. Lucero and Allen (1994) considered work-life benefits as part of a wider organizational membership package that resulted in positive outcomes in terms of the employees' psychological contract. In psychological contract terms, this evidence suggests that a strategy of 'mutuality' with respect to the employer-employee relationship and flexibility with respect to work-life issues contributes to a 'relational' contract. In contrast to a transactional contract, where employee obligations are based on short-term gain (e.g., financial) (Rousseau, 1994), a relational contract is based on feelings of affective involvement or attachment in the employee, and can commit the employer to provide more than purely remunerative support to the individual with investments in training and career development (Milward & Brewerton, 1999).

Negative Outcomes of Psychological Contract

Porter and Steers (1973) developed the Met-Expectation Model in which they suggested that employees have individual sets of expectations; when those expectations are unmet, the result is dissatisfaction, leading to turnover.

Hannay et. al. (2000) suggested perceived future opportunities from the employer and the degree to which employee expectations have been met by the employer to be most significant variables for employee retention. **P Davidson (2001)** suggested employee expectations involve reward for work/effort, safe and comfortable working conditions, opportunities for personal development and career progression, and equitable personnel policies. She also suggested that employer expectations involve productivity for reward, working diligently in pursuing organisational objectives and a few other factors. Though Davidson's model is simplified, it provides a good insight into psychological contract never-the-less.

Impact of Psychological Contract on Work-Life Integration

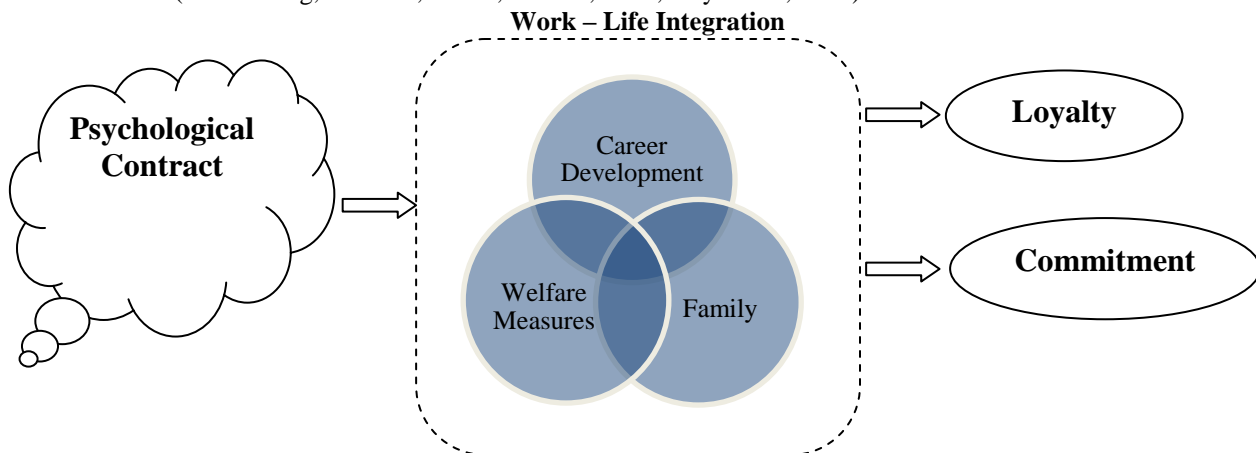
The degree to which a person is able to successfully combine paid work with other aspects of personal life has been termed "work-life integration" (Lewis, Rapoport, & Gambles, 2002). With ever increasing technological, structural and demographic changes in employment, including increasing demand for more multi-skilled and flexible 'knowledge workers' (Carnoy & Castells, 1997), employees are being associated with negative experiences of work such as involuntary contingent work and role overload. These experiences have been linked directly and indirectly to the quality of family life (Greenhaus & Beutell, 1985), psychological well-being, and health (Cooper & Smith, 1985; Nolan, Wichert, & Burchell, 2000). An employee expects to intergrate work and personal life equally to maintain a balance life.

Increasingly, research has been directed at conceptualizing and specifying the nature of the work-family interface and its impact on work-life balance (Lambert, 1990; Barling & Sorenson, 1997; Kossek & Ozeki, 1998). At a more generic level of analysis, management and organizational behavior literature has used the notion of a psychological contract to describe the relationship between the employee and the organization and, more specifically, employee beliefs regarding what they should give and receive in terms of their organization.

Concepts such as 'mutuality' and Clark's (2000) work/family borders theory neatly lead to a reconsideration of work-life integration using the language of psychological contracts. This perspective of work-life issues has found recent advocates in Kossek and Markel (2001) who noted that research has tended to use only resource-based arguments for family- or life-friendly policies, until now ignoring the relevance of the concept of mutual

psychological dependency. Capelli (1999), shows that employees are more likely to feel obligation to their organization if the organization takes account of their non-work obligations.

Lucero and Allen (1994) considered work-life benefits as part of a wider organizational membership package that resulted in positive outcomes in terms of the employees' psychological contract. Flexible work arrangements provide the parent with the necessary access to school personnel and community-based providers during service hours. AD-hoc flexibility is of great benefit to the employees as they can leave the office for few hours instead of taking a full day or a half day off. Family-friendly supervisors support parents' availability to their children during times of mental health crisis. With such workplace supports family members can attain greater work-life integration, enabling them to more fully meet parenting responsibilities, perform work tasks, and take up important roles in their communities (Rosenzweig, Brennan, Burris, & Shea, 2004; Voydanoff, 2001).



An employer expects an employee to be committed to the organization with improved productivity. An employee expects from an employer to have a friendly work environment and to juggle personal life when there is a need. With the aid of psychological contract one can integrate family and work life and this would definitely relieve family stress and employees work with high confidence which eventually increases productivity. This contract also provides a room for career development for the employees which eventually have a positive impact on family life. The mutual understanding between the employer and employee in terms of a contract will have a positive impact towards loyalty and commitment.

Psychological Contract & Organizational Commitment

As Simon noted in the year 1991, to be competitive, organizations require more from their employees than just the basic yield of the formal employment contract, the "minimal" exchange of labor for wages. Instead, they require their employees to work with "initiative and enthusiasm," taking personal responsibility in maximizing firm outcomes. This prompts Simon to ask, "Why do employees often work hard? Why should employees attempt to maximize the profits of their firms when making the decisions that are delegated to them?" (Simon, 1991 p34). A part of the answer, and the most important part according to Simon, is the loyalty and commitment employees feel towards their firms. Because of the premium for committed action on the part of employees, and because of the apparent erosion of employee commitment, psychological contracts based on employability may be worthwhile to firms. For instance an employee who works for long hours than the scheduled time will not have a grit feeling that "I work for more hours, I need to get paid extra"! This thought will be eliminated in the minds of the employees when there is a positive contract has been developed between the two. Furthermore, the this contract is regarded as a tool through which if organizations adopt certain management practices to establish and maintain a `healthy` Psychological contract change could be instituted more easily and there would be increased levels of commitment and satisfaction (Guest and Conway, 1998, 2004; CIPD 2005a). That trust between organization and employees along with commitment is important as is the perceived fulfillment of promises.

In the past, organization expected loyalty and commitment over a lengthy period of time and employees expected job security and remuneration based over their long duration of service to the organization. In this dynamic environment employees are bound by the care from the organization. Employees search employers where they have a sense of belongingness, where the employees are cared for their wellness, health and safety. For instance, Meenumix an Indian Company based at Cochin has most of its employees as Malyali's. Here the employees have a mental thought that they are as one, one family with similar values and beliefs. It is to be noted that the company offers innumerable gifts every year such as grinders, gold coins, their in-house products sold at half price, internal company loans etc. This is not a new technique to attract employees but is being followed from the past to retain

employees whom they consider as the backbone of the organization. This care in the form of a contract will certainly enhance the loyalty and commitment towards the organization. It is also seen that most of the employees go out of the company only when they retire.

Conclusion

From the above study one can conclude that a rich establishment of psychological contract will boost employee's commitment and loyalty towards the organization. Employers can note that building a strong contract will enhance their productivity thus resulting in overall growth of the organization. An employee has to consider the following key points in establishing a sturdy psychological contract.

- Building Trust
- Communication
- Practicing Transparency
- Feedback and recognition
- Aligning work with strengths

Numerous studies have cited the changes in psychological contract day by day taking into consideration that it benefits both parties. Psychological contract has changed its outlook from the days it started till now but one should continuously build and sustain a strong psychological contract to see growth in one 'life be it the employer or the employee'.

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